



Health Insurance Competition: Spotlight on Market Share

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by Mark Farrah Associates

Competition for health insurance business is alive and well, despite industry uncertainty about Obamacare, the proposed mega-mergers and the direction of health policy in general. One of the most important measures of competitive positioning for health insurance companies is market share and in this industry, it's all about enrollment. Market share may be calculated using any number of variables although health insurers tend to look at members served, or more specifically the number of people enrolled in their health plans within a defined geographic area. Companies are not only looking at their own market position but they also routinely analyze competitor membership to assess relative market share.

This brief presents an overview of market demographics and market share data that health insurance companies use to evaluate their market position and analyze the competition.

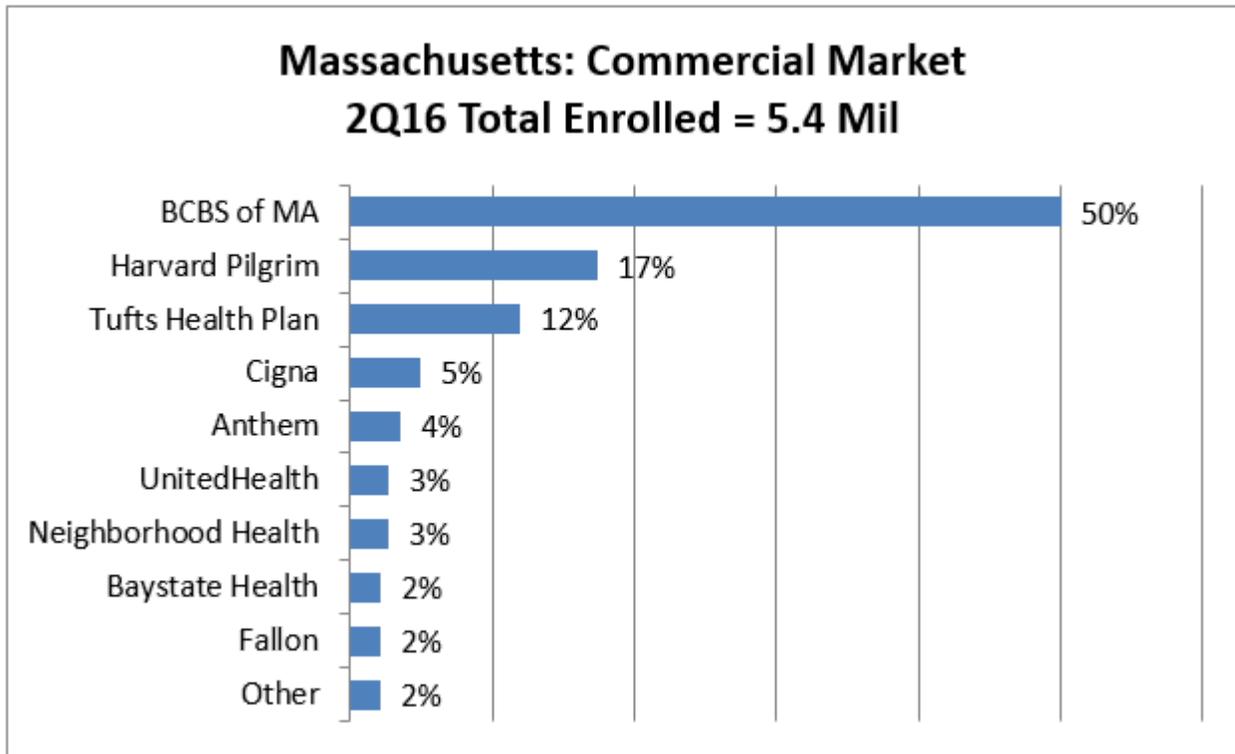
Market Demographics

Health insurance enrollment is analyzed by using many factors however membership by market is a popular and widely used method for assessing market share. Enrollment in core markets, commercial health insurance and government-sponsored programs, is further segmented for analysis based on available data. The largest segment within the commercial market is employer-based plans, also known as the group segment. The group segment is further sliced based on fully-insured or risk-based policies versus self-funded or ASO (administrative services only) arrangements with employers. Individual or non-group plans, including Marketplace products, are also part of the commercial segment. Government programs, Medicare and Medicaid, generally provide coverage for the elderly and low income populations, respectively.

To further set the stage, insurance companies currently provide medical coverage for approximately 261 million people, based on June 2016 enrollment as reported in Mark Farrah Associates' Health Coverage Portal™. The employer-based ASO and risk-based segments remain the largest sources of coverage in the industry, collectively enrolling 195 million people. More than 70 million lower income people are enrolled in Medicaid and CHIP programs and within this segment about 49 million are covered by managed care plans. Approximately 57 million seniors are enrolled in Medicare programs, with more than 38 million enrolled in Original Medicare and about 18.5 million in Medicare Advantage plans.

Competition and Market Share

To analyze health insurance competition, analysts typically start with state-by-state assessments of competitor enrollment and market share. Statutory financial statements and other insurance regulatory reports are primary sources for this data. Online databases such as Mark Farrah Associates' Health Coverage Portal™ are widely used to access market share data and financial performance metrics. Data from statutory filings provide valuable insights about health insurance competition, state by state.

Exhibit 1

Source: Health Coverage Portal™, Mark Farrah Associates, including NAIC data and ASO estimates.

For example, it's easy to see the competitive mix in the Massachusetts' commercial market by analyzing state enrollment figures. Exhibit 1 shows that a strong Blue Cross Blue Shield plan, well-positioned regional health plans (such as Harvard Pilgrim and Tufts Health Plan) and several industry leaders compete in this market segment.

As a general rule, drilling down to county market share is a more challenging endeavor for health plan analysts. The following illustrations provide a helpful zoom in on the position of 3rd ranking Tufts Health Plan in the Massachusetts' commercial market. Exhibit 2 presents a county by county comparison of commercial enrolled in Massachusetts with the estimated number enrolled with Tufts Health plan. Based on Mark Farrah county estimates, Tufts Health Plan owns about 12% of the commercial market in the state. This table also breaks out Tufts' estimated commercial enrollment and market share by county.

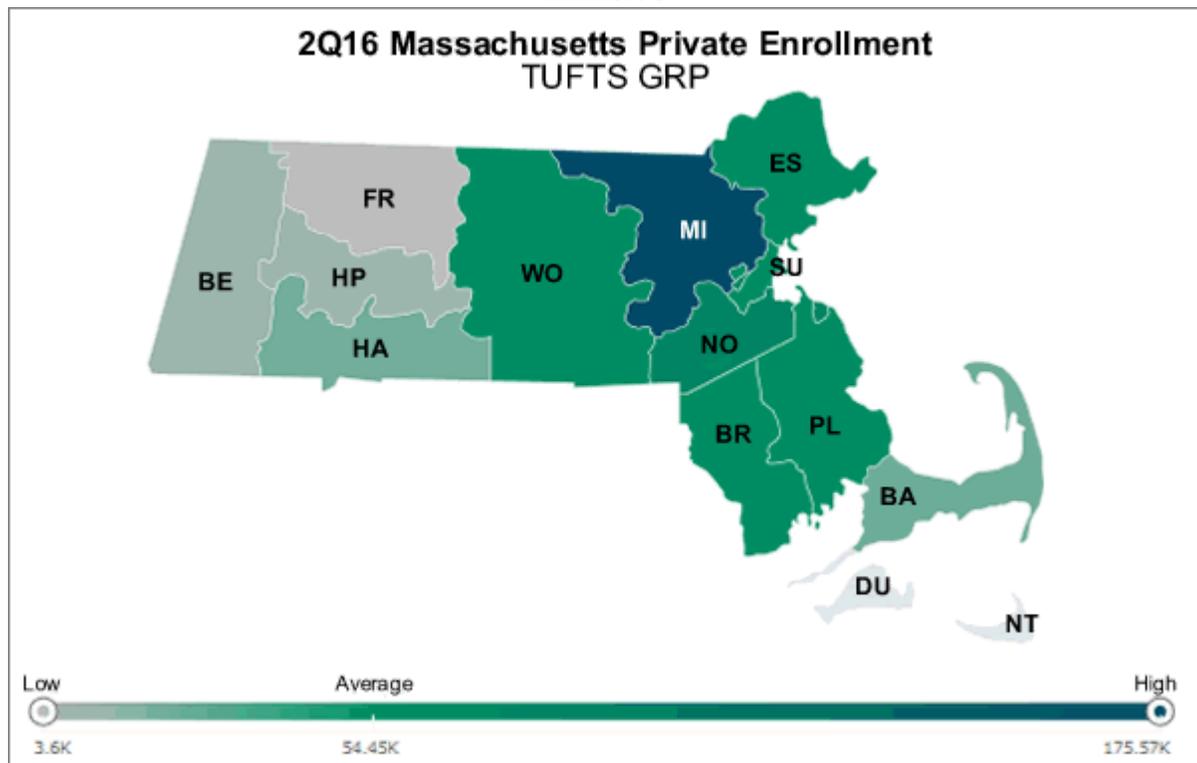
Exhibit 2

County	Commercial Enrolled	Tufts Commercial Enrolled	Tufts Market Share
Barnstable(BA)	164,921	24,159	15%
Berkshire (BE)	94,733	12,697	13%
Bristol (BR)	374,363	54,783	15%
Dukes (DU)	15,833	0	0%
Essex (ES)	638,794	72,351	11%
Franklin (FR)	49,509	3,597	7%
Hampden (HA)	241,250	23,670	10%
Hampshire (HP)	117,785	11,255	10%
Middlesex (MI)	1,466,027	175,567	12%
Nantucket (NT)	13,788	0	0%

Norfolk (NO)	646,514	81,895	13%
Plymouth (PL)	447,850	61,255	14%
Suffolk (SU)	463,875	59,751	13%
Worcester (WO)	709,091	72,432	10%
State Total	5,444,333	653,412	12%

The illustration presented in Exhibit 3 presents a visual analysis, mapping Tufts' commercial enrollment by county. The map makes it easy to see that Tufts' commercial membership is concentrated in the Boston Metro area with an estimated 175,567 enrolled in Middlesex County.

Exhibit 3



Commercial market share assessments are particularly difficult to produce because health plans are not typically required to report county-level enrollment. Yet this information is essential for business planning and marketing strategy. Though some states require insurers to submit supplemental enrollment reports, county enrollment is generally filed for HMO business only. The source of the Massachusetts market and Tufts Health Plan commercial enrolled estimates used in this analysis brief was the County Health Coverage™ product by Mark Farrah Associates. It is important to note that in some cases estimates were based on enrollment reported by employer contract situs rather than state of member residence.

About County Health Coverage™

County Health Coverage™ provides reliable estimates of health insurance enrollment and market share at the county level. Product features include company market share by county, company and state for the Private Risk, Private ASO, Managed Medicaid, Medicare Advantage, and PDP segments. Breakdowns by product type (HMO, PPO, etc.) are also presented as well as population demographics and interactive, visual mapping tools. To learn more visit the product page - [County Health Coverage™ \(/products/County-Health-Coverage.aspx\)](/products/County-Health-Coverage.aspx).

About Mark Farrah Associates (MFA)

MFA is a leading data aggregator and publisher providing health plan market data and analysis tools for the healthcare industry. Committed to simplifying analysis of health insurance business, our products include Health Coverage Portal™, County Health Coverage™, Medicare Business Online™, Medicare Benefits Analyzer™ and Health Plans USA™.

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Mark Farrah Associates
Phone: 724.338.4100
Web: www.markfarrah.com

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